

THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DE 07-057

ORDER OF NOTICE

On May 1, 2007, Public Service Company of New Hampshire (PSNH) filed testimony and schedules with the Commission in support of a proposed reconciliation of revenues and costs associated with its Stranded Cost Recovery Charge (SCRC) and its Energy Service (ES) charge for calendar year 2006. The Commission approved the relevant stranded cost recovery mechanism, which is set forth in the Agreement to Settle PSNH Restructuring (Restructuring Agreement), in Docket No. DE 99-099. See *PSNH Proposed Restructuring Settlement*, 85 NH PUC 154, 85 NH PUC 536 and 85 NH PUC 645 (2000). Through January 31, 2006, the reconciliation of PSNH's ES costs and revenues was included as a subset of the SCRC reconciliation, with the difference between ES costs and revenues included as an adjustment to PSNH's Part 3 stranded costs. Beginning February 1, 2006, the ES reconciliation amounts are no longer applied to stranded costs, but rather are applied to future ES rates as directed by the Commission in Order No 24,579 (January 20, 2006).

As with prior reconciliations, the filing covers (1) the reconciliation between the revenues and expenses included in the SCRC and ES; (2) the performance of PSNH's fossil and hydro generation facilities; and (3) how PSNH met its energy and capacity requirements during the 2006 reporting period given its level of resources. Effective December 1, 2006, the filing also includes the costs and revenues related to PSNH's Northern Wood Power Project. The Northern Wood Power Project involved the conversion of Unit 5 at PSNH's Schiller Station generating

plant to using wood as a primary fuel source rather than coal. PSNH indicated that the total capital cost of the project was \$73.6 million.

According to the filing, the 2006 SCRC costs exceeded revenues by approximately \$10.7 million, due primarily to higher over-market costs of procuring power from independent power producers. In addition, PSNH stated that as of June 30, 2006 it had recovered all of its Part 3 stranded costs. See Order No. 24,641 (June 30, 2006).

Regarding Energy Service, PSNH indicated that ES revenues exceeded costs by approximately \$28 million. Of that \$28 million, the January 2006 over-recovery of \$8.5 million was reflected in the SCRC reconciliation and the \$19.5 million over-recovery for February through December 2006 was reflected in the ES reconciliation. PSNH calculated that the average cost of providing Energy Service for calendar year 2006 was approximately 8.17 cents per kilowatt-hour. This compares to the 7.24 cents per kilowatt-hour ES rate applicable in January 2006, 9.13 cents per kilowatt-hour charged from February through June 2006 and 8.59 cents per kilowatt-hour applicable from July through December 2006.

The filing raises, inter alia, issues related to the prudence of generation outages that are reflected in PSNH's ES costs for the period; the prudence of PSNH's use of its generation resources during the period as well as the prudence of market purchases used to supplement those resources; the prudence and reasonableness of PSNH's incurred capital costs, including those related to the Northern Wood Power Project; and the question of whether PSNH has otherwise appropriately accounted for and reconciled its stranded costs and any offsetting revenues for the period in accordance with the Restructuring Agreement and applicable law. Each party has the right to have an attorney represent them at their own expense.

Based upon the foregoing, it is hereby

ORDERED, that a Prehearing Conference, pursuant to N.H. Admin. Rules Puc 203.15, be held before the Commission located at 21 S. Fruit St., Suite 10, Concord, New Hampshire on June 13, 2007 at 10:00 a.m. at which each party will provide a preliminary statement of its position with regard to the petition and any of the issues set forth in N.H. Admin. Rule Puc 203.15 shall be considered; and it is

FURTHER ORDERED, that, immediately following the Prehearing Conference, PSNH, the Staff of the Commission and any Intervenors hold a Technical Session to review the petition and allow PSNH to provide any amendments or updates to its filing; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.12, PSNH shall notify all persons desiring to be heard at this hearing by publishing a copy of this Order of Notice no later than June 2, 2007, in a newspaper with general circulation in those portions of the state in which operations are conducted, publication to be documented by affidavit filed with the Commission on or before June 13, 2007; and it is

FURTHER ORDERED, that pursuant to N.H. Admin. Rules Puc 203.17, any party seeking to intervene in the proceeding shall submit to the Commission seven copies of a Petition to Intervene with copies sent to PSNH and the Office of the Consumer Advocate on or before June 8, 2007, such Petition stating the facts demonstrating how its rights, duties, privileges, immunities or other substantial interest may be affected by the proceeding, as required by N.H. Admin. Rule Puc 203.17 and RSA 541-A:32,I(b); and it is

FURTHER ORDERED, that any party objecting to a Petition to Intervene make said Objection on or before June 13, 2007.

By order of the Public Utilities Commission of New Hampshire this twenty-ninth day of May, 2007.

Debra A. Howland
Executive Director & Secretary

Individuals needing assistance or auxiliary communication aids due to sensory impairment or other disability, should contact the Americans with Disabilities Act Coordinator, NHPUC, 21 S. Fruit St., Suite 10, Concord, New Hampshire 03301-2429; 603-271-2431; TDD Access: Relay N.H. 1-800-735-2964. Notification of the need for assistance should be made one week prior to the scheduled event.